
MINUTES OF THE CITY COUNCIL, CITY OF CONWAY, ARKANSAS

Conway, Arkansas
Tuesday 5:30 pm
December 20, 2016

On this date the City Council of the City of Conway, Arkansas met in regular session. The following members being a quorum were present and acting: Alderman Hawkins, Alderman Grimes, Alderman Pruitt, Alderwoman Mehl, Alderman Ledbetter, Alderwoman Smith, Alderman Jones, and Alderwoman Isby. Also, present and acting: Mayor Townsell, City Clerk Michael Garrett, and City Attorney Chuck Clawson.

Call to Order: Mayor Tab Townsell

Roll Call: Michael O. Garrett

Employee Service Awards

5 Year

Donna Tester - Sanitation Dept.
Robert Gary - Parks Dept.
Bruce Childers - Police Dept.

10 Years

Angela Simpson - CEOC

20 Years

Kent Schreiber - Fire Dept.

Alderman Jones joined the meeting.

1. Report of Standing Committees:

A. New Business

1. Consideration to deed right of way property to Seayco for placement of a sign.

Mayor Townsell stated the rules due to the regulations regarding interstate signage our initial plans to replace the signage for Seayco and the Conway Commons Shopping Center has now changed. Finley Vinson, City Engineer, stated the agreement did not state where the sign would be placed and but with our initial meetings with Arkansas Highway and Transportation Dept. (AHTD) we had planned to place the sign to the south west of the roundabout, where it would be most visible. Mr. Vinson stated because of this placement the sign would be considered a billboard, the permitting would be complicated, and it became clear that unless the sign was on their property, the AHTD was not going to allow a sign to be place there. Mr. Vinson stated we propose to deed a small part of property located to the NW of the roundabout back to Seayco so they will own the land where the sign will be placed. Alderwoman Smith motioned to approve the deed the right of way back to Seayco. Alderwoman Isby seconded the motion. There was no discussion. The motion passed 8-0.

2. Discussion of a request to purchase art for the Conway Event Center.

Mayor Townsell stated we previously discussed the idea of including 1% of the cost of a project to be set aside for art projects, but to date we have not yet done this. Mayor Townsell stated with the Expo/Event Center project, which ranges from \$2.5 - \$7 million and with previous costs of the project, 1% would be approximately \$40,000.00. Mayor Townsell stated if you want to do this he suggests we turn this money over to the Public Art Committee for their recommendations of physical art placement either in the building or the plaza in the front, or purchase of a permanent collection of art that can be displayed along the walls in the hallways in the Event Center, which has been set up to direct light onto the walls. Mayor Townsell stated we have already given the Public Art Committee Ad Valorem Parks & Recreation funds that had accumulated prior to 2016 as well as dedicating all future Parks & Recreation Ad Valorem monies, and \$30,000.00 of the A&P monies per year. Mayor Townsell stated they had \$180,000.00 through 2016 and \$50,000.00 annually on an ongoing basis; the purpose was so the committee could fund where there is currently no art on the existing trails, buildings, parks; as we added to the inventory of trails and buildings we thought we could supplement that money at their direction but obviously that would not be something we have to do, but if you wanted to get into this policy we can craft an ordinance for council to see on the next agenda. Mayor Townsell stated we are looking for direction on how we wish to do this; obviously we can go back to the Public Art Committee and ask them to spend some of their money to do this, but then they cannot go back and fill in gaps where there is currently no art. Alderwoman Smith stated she thinks we should let the Art Committee determine where to place art with the funds they currently have; they could use \$40,000.00 on the Expo project and use the other for the trails. Alderwoman Mehl stated that is her preference as well. After some discussion Mayor Townsell stated he does feel that 1% for art is a good guide even for instructing the Public Art Committee so they do not over do or under do art in any particular project.

3. Ordinance amending the handbook to amend the travel policy.

O-16-141

Mayor Townsell stated as we work through scheduling travel for various city employees there are things we wanted to make clear in our current policy; the changes are noted and highlighted in yellow and mentioned the following: Travel is for city employees only, one must have a receipt for reimbursements, we think there is language that indicates hotel and air fare should be booked by the employee and we want to coordinate that in order to find the best deal for the city, spouses with prior permission can travel, but we need to clarify that if the city car is used, they can ride along, travel advance does not include your hotel and air fare, which the city would be paying for, and there are primarily housekeeping and getting us in line with our current practice. Alderman Hawkins motioned to waive the readings of the ordinance. Alderwoman Smith seconded the motion. The motion passed 8-0. Alderwoman Smith motioned to adopt the ordinance. Alderwoman Isby seconded the motion. There was no discussion. The clerk called the roll with the following voting "Aye": Alderman Hawkins, Alderman Grimes, Alderman Pruitt, Alderwoman Mehl, Alderman Ledbetter, Alderwoman Smith, Alderman Jones, and Alderwoman Isby. The motion passed 8-0.

4. Ordinance approving the FY2017 Budget

O-16-142

Tyler Winningham, CFO, stated there have been some changes since the December 1st version mainly a correction was made to the Street Fund, Sanitation was adjusted for the reclassification changes approved at the last meeting and other than that, it is the same as what was provided to you on December 1st. Mr. Winningham stated we projected flat sales tax revenues in the General Fund but overall revenue is up as our LOPFI turn back revenue continues to grow; usually our LOPFI rates increase as well, but they have actually come down and our LOPFI rates on Police and Fire are holding at 31%. Mr. Winningham stated expenses in the General Fund are up approximately \$1 million and one-half of this is the health insurance which is \$441,000.00 for the General Fund; the total city wide increase was \$535,000.00 which accounts for the 22% premium increase. Mr. Winningham stated personnel will not see a COLA for the 4th straight year due to the health insurance increase. Alderman Grimes stated that is partially true as we actually voted for a raise last year we were unable to grant it because of extenuating circumstances, but we put it in the budget last year. Mayor Townsell stated we specifically chose not to award it as a council. Mr. Winningham stated we did not budget for it either, we ended up with a \$500,000.00 surplus as our original budget for 2016, and the \$500,000.00 surplus was going to go towards cost of living increases if we did that. Alderman Grimes stated we did set aside that money which we never got around to and the year is now over, the resolution never came so it never was granted, but last year we were going to do it, and asked if this was correct. Mayor Townsell stated we were going to do it pending the outcome of the law suit. Alderman Grimes stated that never happened so it is unfair to say that it has been 4 years in a row with nothing, because we did attempt to do something. Mayor Townsell stated that is actually a fair way of putting it because we did attempt to do something, but held off in case we had to pay off a settlement or court liability because of that law suit and stated the law suit is still pending. Mr. Winningham stated council was sent 2 versions of the Street Fund budget, a balanced and an unbalanced, so council could address these; the main changes are is we added a new line item for the highway dept. one-half cent sales tax and stated in years prior since we began collecting it in September 2013, it has been lumped together with the state turn back because this is how we received it, this will allow us to track it separately. Mr. Winningham stated you also see we have 2 new line items in Street expenses, the enhanced street maintenance program which roughly equals the one-half cent sales tax revenue and the alternative transportation line item, which is the \$75,000.00 expense line item which is a direct correlation to the severance tax revenue. Mayor Townsell stated this is dedicated to the alternative transportation program and restoring it to what it used to be; the funds are dedicated to sidewalks and bicycle facilities. Mayor Townsell stated what is shown here is the balanced portion. Mr. Winningham stated the figures in the ordinance are for the balanced version. Mayor Townsell stated this means the entire \$1 million is there, but the former program we previously had in the street fund is not fully funded and the way it is currently set up, it allows for an element of planning. Mayor Townsell stated we added the \$1 million for maintenance and took out some other items in the Street Fund and scattered it around for other purposes. Mayor Townsell stated to give you full disclosure the gap in the Street Fund of approximately \$10,000.00 is a service request that is not included and you need to be aware of as of January 1, 2017 our senior civil engineer will have a higher hourly pay rate than our department director. Mayor Townsell stated the \$10,000.00 service

MINUTES OF THE CITY COUNCIL, CITY OF CONWAY, ARKANSAS

request is to restore the Street Dept. director positions salary back up above the senior civil engineer, but as of now the senior civil engineer will be making more than the Street Dept. director. Mr. Winningham stated that is a part-time position. Mayor Townsell stated this is for disclosure and this is not the way you want to run a railroad. Mr. Winningham moved forward with the Sanitation Fund; the revenue on recyclable materials is expected to continue and the operational expenditures you see we now the \$3 million equipment loan payment to begin in 2017, and our capital expenditures are down significantly over 2016 to offset that. Mr. Winningham stated the Airport Fund numbers overall are down in both revenue and expenditures; the way the general fund is dependent on sales tax the Airport budget is dependent on fuel sales and whereas volume continues to be steady and growing fuel is not selling for what it used to, so dollar wise it is down and stated we do not want anyone to be alarmed that sales are down as it is a matter of the fuel market. Mayor Townsell stated the Parks & Recreation Ad Valorem tax has zero expenditures budgeted (which is the portion dedicated to public art) and as they bring projects to you for approval the budget will obviously change and the same goes for the A&P Parks and Recreation projects. Alderman Jones stated he talks to employees all the time and we need to address being able to do something for our employees because 4 years is a long time; he does not know when or how we can do it but we need to make it a priority. Alderwoman Smith concurred. Mayor Townsell stated 4 years ago when we adopted the new pay scale we made a big deal over the fact that for the first time our lowest paid positions would bring in enough money for a family of 4 to be over the poverty line and we may still be there but he doubts with the cost of living increases/consumer price index going up that we have maintained that level and we might have indeed dipped down below our salaries level compared to the 4 person household poverty line. Alderman Jones stated he is not trying to be critical but the price of everything is going up and we are not giving any more money to our employees and we want to keep our employees and keep them happy because they do a good job, but we need to figure out something as a council to give them. Mayor Townsell stated he fully agrees that 4 years is too long; sales tax is flat and you cannot reliably build into growth the monies we can pay a cost of living increase every year. Mayor Townsell stated the cost of personnel has increased in our General Fund budget from 80% to roughly 82% this year and our personnel is costing more, it is just not coming out in raises for the employees. Mayor Townsell stated on top of that we have just been able to build our reserve back to a comfortable level and stated we could do as other cities who are paying from reserves into salaries, but this leads us back to where we were. Mayor Townsell stated if we start cutting other personnel this would only help some employees by cutting the jobs of others, and if we cut non-personnel we only have 18% left in the General Fund budget to cut, to help that 82% of the cost. Mayor Townsell stated there are sources of revenue that you could look at i.e. 2 mils of property taxes that we are not using, a 1 ¾ percent electric franchise fee that we are not using, and business licensing that would serve many purposes for us outside of revenue generation but could be a revenue generator as well; these are options but there are also repercussions. Alderman Jones stated he feels there are other avenues rather than cutting positions as we are already supposedly running on bare minimums but we need to figure out something because we do not need to lose anybody and it is the people on the lower tier that is hurting. Mayor Townsell agreed we are running very lean in our departments and feels we should find a way to look at it. Alderman Grimes stated the biggest issue are tax free internet sales and until this is dealt with, this problem is not going away. Alderwoman Smith asked what a 1% COLA would cost annually. Mr. Winningham stated approximately \$200,000.00 to the General Fund. Alderwoman Smith motioned to waive the readings of the ordinance. Alderwoman Isby seconded the motion.

MINUTES OF THE CITY COUNCIL, CITY OF CONWAY, ARKANSAS

The motion passed 8-0. Alderwoman Isby motioned to adopt the ordinance and the emergency clause. Alderwoman Smith seconded the motion. Alderman Hawkins asked if the health insurance is what is listed in accounting line item 5160 "group insurance" and it appears to have a \$13,000.00 budget item spot in the 2017 budget for city council and asked why that is in there. Mr. Winningham stated we offer insurance coverage to city council and there are a few that are utilizing that. Alderman Hawkins asked if the mayor elect was involved in the budgetary process was hoping he would be here tonight so he could ask that question. Alderman Hawkins stated we do not have to have a budget until February. Mayor Townsell stated state statutes requires a budget be adopted by the end of January and explained we had preliminary meetings with departments prior to November but once the election was over, we ran the budget by the mayor elect and thinks it is fair to say he has taken a hands off approach because this is still my budget and if something needs amended, he has the right to make changes next year according to his wishes. There was no further discussion. The clerk called the roll with the following voting "Aye": Alderman Hawkins, Alderman Grimes, Alderman Pruitt, Alderwoman Mehl, Alderman Ledbetter, Alderwoman Smith, Alderman Jones, and Alderwoman Isby. The motion passed 8-0.

Adjournment

PASSED this 20th day of December 2016

APPROVED:

Mayor Tab Townsell

City Clerk Michael O. Garrett